

**Statewide Information Management Manual
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FEASIBILITY STUDY REPORT POLICY



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TABLE OF CONTENTS

| | |
|---|----------|
| SECTION 1: FSR POLICY STATEMENT..... | 1 |
| 1.0 PURPOSE..... | 1 |
| 1.1 OVERVIEW | 2 |
| 1.2 OBJECTIVES | 2 |
| 1.3 RESPONSIBILITIES & TASKS | 2 |
| 1.4 EVIDENCE OF COMPLIANCE | 5 |
| 1.5 REPORTING CRITERIA | 7 |

Section 1

POLICY STATEMENT

Upon completion of a feasibility study regarding an information technology (IT) project, each department¹ must produce a Feasibility Study Report (FSR). The FSR must be commensurate with the scope and complexity of the problem or opportunity being addressed in the study, and enough detail must be included to demonstrate that the proposed response to the problem or opportunity is achievable, supportable and a sound investment by the State.

The FSR must provide a complete summary of the results of the feasibility study and establish the business case for the investment of state resources in this project. The FSR must also delineate the reasons for undertaking the project, cite the means of ensuring the success of the project, and furnish a comprehensive analysis of its costs and benefits.

Based on specific reporting criteria described in this policy, departments are required to submit FSRs to the Department of Information Technology (DOIT) and, if applicable, the Department of Finance (DOF). Departments may request an exemption from this policy for specific IT projects as indicated in the FSR Reporting Exemption Policy (SIMM Volume I, Policy 8.0). Departments must receive approval from the DOIT, and, if applicable, the DOF, prior to project commencement.

This revised policy is effective as of **May 1, 1998**.

1.0 PURPOSE

The purpose of an FSR is to provide the informational elements needed by departments, agencies², the DOIT, and the DOF in assessing an IT project in terms of successful outcome:

- Meeting State and Departmental business requirements.
- Managing the project to successful completion within the specific timeframes and costs.
- Managing the project's risk.

In addition, the purpose of an FSR is to provide the basis for an understanding and agreement among the project management, program management, executive management, and State control agencies concerning the project's scope, requirements, objectives, benefits, management and risk. The FSR serves as the contract between the department, agency, the DOIT, and the DOF.

¹ Department = Department, Board, Commission, Committee

² Agency = Agency, the governing board, or constitutional officer responsible for non-agency departments

1.1 OVERVIEW

The FSR is a summary of the results of a feasibility study conducted by a department to address an IT problem or opportunity. It comprises the formal request by the department to initiate an IT project and a comprehensive presentation of the business case, the proposed solution, the project management methodology, the risk management plan, and the economic analysis worksheets.

1.2 OBJECTIVES

The purpose of the FSR is to:

1. Provide sufficient information for the DOIT and the DOF to understand the justification and priority of the project.
2. Demonstrate that the department has selected a viable and cost-effective solution consistent with statewide policies.
3. Demonstrate that the department understands and is capable of performing the activities necessary to ensure project success.

1.3 RESPONSIBILITIES & TASKS

For FSRs that are reportable to the DOIT and/or the DOF:

For FSRs which meet the reporting criteria stated in this policy, the following are responsible for the tasks associated with this policy:

1.3.1 Department:

1. Assign a sequential departmental priority, where “1” is the highest priority based on departmental fund source by fiscal year. If the project will be funded through multiple fund sources, prioritization must be based on the primary state funding source. Only one IT document (FSR or Special Project Report (SPR)) per departmental fund source may be assigned a priority of “1” (with “1” representing the highest priority for that departmental fund source). On an annual basis, departments will be required to submit a project priority list. If an event occurs that causes a department to reprioritize projects, the department must submit a revised departmental priority list at the time of the FSR submission.
2. Respond accurately within five (5) working days to the DOIT’s requests for clarification during the DOIT and/or the DOF FSR review and evaluation periods.
3. Comply with the DOIT’s final determination on the FSR.
4. Upon enactment of the Budget Act or a legislative budget decision, adhere to the following requirements:

- a) If the FSR has been funded at the level specified in the DOIT's FSR approval letter, the department may proceed with the project. The department must provide the DOIT with written confirmation of the current FSR disposition and final approved budget within 30 days of budget enactment.
- b) If the funding level has been changed, the department must consult with the DOIT and provide written confirmation of this change within 30 days of budget enactment; and, as appropriate, follow the SPR process detailed in the SPR Policy.
- c) If the funding has been eliminated for the FSR, the department must provide written notification to the DOIT within 30 days of the enactment of the Budget Act. Within 60 days of the receipt of the written notification from the department, the DOIT will issue a written response to the department either withdrawing or suspending its approval of the FSR. The department may not proceed with a project for which funding has been eliminated.

1.3.2 Agency:

- 1. Assign a sequential agency priority, where "1" is the highest priority based on agency fund source by fiscal year. Only one IT document (FSR or SPR) per departmental fund source may be assigned a priority of "1" (with "1" representing the highest priority for that departmental fund source). On an annual basis, agencies will be required to submit a project priority list. If an event occurs that causes an agency to reprioritize projects, the agency must submit a revised agency priority list at the time of the FSR submission. If the project will be funded through multiple fund sources, prioritization must be based on the primary state fund source.
- 2. Submit any FSR-related budget requests with the FSR to the DOIT.
- 3. Ensure that related FSR budget actions have the same relative order in agency prioritization.
- 4. Submit four (4) copies of the FSR to the DOIT.
- 5. Submit one copy of the FSR to the Office of the Legislative Analyst.
- 6. Ensure sufficient and complete FSRs are provided to the DOIT in a timely manner to provide a 60-day DOIT evaluation period.
- 7. Ensure that departments are complying with the DOIT's final determination on the FSR.

DOIT:

1. Forward two (2) copies of DOF-reportable FSRs to the DOF.
2. Evaluate the proposed IT project as to its:
 - Use of technology;
 - Ability to effectively address business needs;
 - Use of adequate measures to ensure project success;
 - Conformance to state standards and policies;
 - Ability to successfully meet the expected timeframes and objectives; and
 - Alignment with business and IT strategic plans at the state, agency and departmental levels.
3. Request clarification and FSR revisions from the department when specific areas of the FSR do not meet state policy, the FSR guidelines, and/or additional information is needed.
4. Meet the 60-day FSR review and evaluation timeframe.
5. Issue a determination and statewide IT prioritization to the department and the DOF for the DOF-Reportable FSR.
6. Respond timely and accurately to the DOF's requests for clarification on a DOF-Reportable FSR.
7. Issue a final determination to the department to either approve or deny a DOIT-Reportable FSR.
8. Upon departmental notification of Budget Act or legislative budget decision funding elimination for an FSR, issue a written response to the department within 60 days.

1.3.4 DOF:

1. Review FSRs that the DOIT has forwarded.
2. Request clarification and FSR revisions from the DOIT and/or the department when specific areas of the FSR do not meet state policy, the FSR guidelines, and/or additional information is needed.
3. Respond in a timely manner to the department and the DOIT in making a final determination of a DOF-Reportable FSR.

For FSRs that are not reportable to the DOIT:

For FSRs which do not meet the DOIT reporting criteria stated in this policy, the following are responsible for the tasks associated with this policy:

1.3.5 Department:

1. Prepare the FSR in compliance with the SIMM, Volume II, Guideline 5.0.
2. Evaluate the proposed IT project as to its:
 - Use of technology;
 - Ability to effectively address departmental business needs;
 - Use of adequate measures to ensure project success;
 - Conformance to departmental and state standards and policies;
 - Ability to successfully meet the expected timeframes and objectives; and
 - Alignment with business and IT strategic plans of the department and the State's IT direction.
3. Issue a final determination to either approve or deny the FSR.
4. Upon departmental approval, submit a copy of the FSR's Project Summary Package to the DOIT.
5. Within 60 days of project completion, submit a copy of the final Expenditure Report to the DOIT.³

1.4 EVIDENCE OF COMPLIANCE

For FSRs that are reportable to the DOIT:

1.4.1 Department:

To demonstrate compliance for those FSRs meeting the reporting criteria specified in this policy, department management must:

1. Follow the FSR format and guidelines.
2. Assign a departmental priority to the FSR as specified above.
3. Submit the FSR to the agency for approval and prioritization.
4. Respond within five (5) working days to the DOIT's requests for clarification.
5. Comply with the DOIT's final determination of the FSR.
6. Report any change in funding levels to the DOIT within 30 days of the final Budget Act or a legislative budget decision.

³ The format for the Expenditure Report will be available by June, 1998.

7. Further, the department must maintain sufficient documentation of each feasibility study to ensure that project participants, department management and control agency personnel can meet potential audit requirements and resolve all questions about the intent, justification, nature, and scope of the project. This documentation must remain available until the project is officially closed, and satisfies applicable State and Federal audit requirements (see related State Administrative Manual (SAM) sections).

1.4.2 Agency:

To demonstrate compliance for those FSRs that meet the reporting criteria specified in this policy, the agency must:

1. Assign an agency priority to the FSR as specified above.
2. Submit four (4) copies of the FSR to the DOIT.
3. Submit one copy of the FSR to the Office of the Legislative Analyst.
4. Submit copies of any FSR-related budget action to the DOIT.
5. Ensure sufficient and complete FSRs are provided to the DOIT in a timely manner to provide a 60-day DOIT evaluation period.
6. Ensure departments are adhering to this policy.

1.4.3 DOIT:

To demonstrate compliance with this policy, the DOIT must:

1. Review FSRs that meet this policy's reporting criteria.
2. Ensure DOF-reportable FSRs are forwarded promptly to DOF.
3. Adhere to specified review timeframes.
4. Assign a DOIT prioritization to FSRs that are DOIT-supported and DOF-reportable projects.
5. Issue a final approval of the FSR after notification from the DOF that funding for the project has been included in the budget.
6. Upon departmental notification of Budget Act or legislative budget decision funding elimination for the FSR, issue a written response to the department within 60 days.

1.4.4 DOF:

To demonstrate compliance with this policy, the DOF must:

1. Review FSRs that the DOIT has forwarded.

2. Issue a determination to support or not support DOF-reportable FSRs to the DOIT and the department.

For FSRs that are not reportable to the DOIT:

1.4.5 Department:

To demonstrate compliance for those FSRs not meeting the reporting criteria specified in this policy, department management must:

1. Follow the prescribed FSR format and guidelines.
2. Submit a copy of the FSR's Project Summary Package to the DOIT upon departmental FSR approval; and, upon project completion,
3. Submit a copy of the final Expenditure Report to the DOIT.⁴

1.5 REPORTING CRITERIA

If the project meets one or more of the following criteria, the FSR must be submitted to the DOIT for review and approval:

1. The estimated total development and acquisition costs exceed the DOF-established departmental cost threshold.⁵
2. The new system development or acquisition is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.⁵
3. The project involves a budget action.⁵
4. The project will acquire any microcomputer commodities and the department does not have an approved Workgroup Computing Policy (WCP).
5. The project will include the provision of electronic access to private information concerning individuals or entities by entities other than the data owner or by other entities whose access is specifically authorized by law.
6. The project will include the installation or expansion of wide area network data communication facilities or services other than those acquired through contracts administered by the Department of General Services, or a State consolidated data center as defined in SAM Section 4982.
7. The project will consist of the development, acquisition or installation of technologies not currently supported by the department or not currently supported by a State consolidated data center.

⁴ The format for the Expenditure Report will be available by June, 1998.

⁵ Items 1 – 3 are also DOF-Reportable FSRs.

8. The project will consist of the development and/or purchase of systems to support activities as defined by the DOIT's Enterprise Systems Report.⁶
9. The project consists of an acquisition or upgrade of a multi-user central processing unit, except for previously approved projects as defined under SAM 4819.2, or servers being used only for departmental Office Automation functions.

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⁶ If it is determined that the business case or proposed solution is related to state financial accounting systems, the DOIT will forward a copy of the FSR to the DOF's CalStars unit.